

# Growing opposition in Berlin to exorbitant rents and evictions

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Just weeks before the Berlin state elections, politicians from all the ruling parties repeatedly declare they intend to take action to create more affordable housing. But this is nothing more than hot air and empty electioneering.

Many Berlin residents struggling against exorbitant rents and eviction from their homes are of the same opinion. Berlin is among the German cities with the fastest rising rents. The capital is growing. The Berlin Senate is deliberately appealing to well-off start-up businessmen, so-called creative, independent and hard-working academics, cultural and tourist managers, as well as significant numbers of property speculators.

The city is increasingly divided: discernible poverty and a growing housing crisis for many families—wealth and success for a super-rich glitterati.

The most expensive rooftop apartment in Germany was bought several months ago by the national football team's goalkeeper, Manuel Neuer—300 square metres of luxury for him and his girlfriend. The loft near the Kudamm cost €3 million. Two years ago, an apartment was sold close to the Gendarmenmarkt for a cool €22,000 per square metre.

By contrast, many tenants are being driven from their long-term apartments. Across Berlin, tenants' associations are emerging for those affected who are seeking to defend themselves.

In Pankow, thousands of tenants took to the streets over the past week to protest against the municipal property companies Gesobau and Gewobau. They are resisting luxury renovation projects such as the so-called *energie* building renovation, which the federal government has been promoting since 2014 with tax breaks. While heat retention on 300-year-old buildings with thick walls hardly results in any energy saving, it allows rents to be altered and leads to significant

increases.

There is also growing dissatisfaction and resistance to the property firm Deutsche Wohnen AG. This is the largest private landlord in Berlin, which purchased the formerly state-owned GSW and GEHAG property companies.

For example, in Lichtenberg the company is currently trying to increase rents due to modernisation almost three-fold, from €3.09 to €8.20 per square metre. In Kreuzberg, they charge twice as much for the social housing on the Kottbusser Tor as the average in Berlin, €5.50 instead of €2.56 per square metre. They have been taken to court over this.

At the same time, Deutsche Wohnen AG is freeing itself from all social obligations by paying back public loans ahead of schedule. In Zehlendorf, Deutsche Wohnen AG is conducting renovations without energy saving, transforming apartments into investment properties that most renters cannot afford. In its apartments in Pankow rent increases of up to €300 are threatened because of energy saving renovations.

The residents of the Westend estate in Charlottenburg are affected worst of all. They face the threat of all 1,212 apartments being torn down. On this site, next to forested areas with villas and recreational areas, Deutsche Wohnen AG intends to construct 580 new apartments in the expensive price range, in part as investment opportunities. Since these plans became public two years ago, tenants have been resisting and have established a citizens' initiative that is now aligning itself with other associations in the city.

Deutsche Wohnen AG was founded in 1998 by Deutsche Bank, has been an independent company on the stock market since 2006 and does business not only in property, but also elderly care homes. In 2015, it achieved record profits of €1.2 billion, a little over a

third more than the previous year, and now intends to pay out shareholders a dividend with a 23 percent increase, to be paid for by the 100,000 apartments in Berlin alone. The main shareholders and their super-rich clientele will be delighted, including US investment management firm Blackrock Inc., considered the world's largest shadow bank.

The growing opposition to exorbitant rents in Berlin is universally directed against the policies of the Senate and federal government, which sacrifice the right to housing in the profit interests of such investors and property speculators.

It has become clear in recent months that the rent price brake, implemented on June 1, 2015 to allegedly limit rent rises, has not merely had no impact, but has in fact led to rent increases. The German Institute for Economic Research (DIW) stated at the end of May that landlords were responding to the 10 percent restriction on rent increases by demanding even higher rents from the outset. The law, which justice minister Heiko Maas (Social Democrats) praised last year in glowing terms as tenant-friendly, also contains a clause stating that such landlords never have to pay back these inflated rents.

The state of Berlin immediately implemented the law last year. In an investigation by the Berlin tenants association (BMV) from January 2016, rents were already on average 2 percent higher than prior to the adoption of the law. In some residential areas major jumps were observed, such as city centre districts where a net increase of 10 percent, not counting heating and electricity costs, occurred. An investigation by BMV of properties offered online revealed that requested rents were 31 percent higher than prior to the rent price brake.

The situation in Berlin has, however, been intensified by the policies of the SPD/Left Party coalition government led by Klaus Wowereit, which was voted out of office in 2011. Two years after the SPD and PDS, which subsequently became the Left Party, came to power on a wave of opposition to a banking scandal, they decided to abandon the funding of tens of thousands of social housing units.

In 2004, the coalition initiated the privatisation of the state-owned property association (GSW), which had been founded in 1924 as the city association for housing provision. They sold it to property speculator

Cerberus and the Whitehall fund owned by Goldman Sachs, and paved the way for it to be floated on the stock exchange in 2010, where it was swallowed up by Deutsche Wohnen AG (2013). It exists today merely as a formal legal shell.

In the summer of 2011, prior to being voted out of office, the SPD/Left Party coalition adopted a new property law, which enabled landlords to exit their social housing obligations when selling properties. This was the opening shot in a massive wave of property speculation in Berlin.

The number of social housing units, which stood at more than 200,000 in the early 2000s, has now sunk to 120,000. For poor households in Berlin (350,000 households on Hartz IV social welfare and 300,000 on low incomes) there is a housing shortage of 125,000 homes, according to an estimate in a sociological study published in June by Humboldt University academic Andrej Holm.

According to Caritas, the number of homeless people in Berlin, already in the tens of thousands, continues to grow. In winter, sleeping spots in homeless shelters to protect against the cold were full, unlike in previous years. Since early this year, the homeless who find no place in a hostel are having to sleep in parks, under bridges or open spaces.

The daily *Tagesspiegel* titled a piece in June, "Homelessness in Berlin reaches the middle class." The official rate of empty and available homes in the capital is just 1.7 percent. But this is not a genuine figure, since owners generally renovate properties and increase the rent, sell off or integrate apartments to make larger properties. Even for better-off income earners in Berlin, it would have been necessary to build 20,000 properties in Berlin. Less than 11,000 were built.



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